

**Opinion Regarding Ten Percent Test-  
Compliance With Section 42 of IRC and Treasury Regulation 1.42-6**

**Independent Auditors' Report**

Date: XXXX, 2002

To: Department of Housing and Community Development  
One Congress Street, Tenth Floor  
Boston, MA 02114

and

XXXX (the "Owner")  
Street  
City, State Zip Code

Re: XXXX Limited Partnership/LLC

We have audited the accompanying Certification of Costs Incurred ("Exhibit XXX") of the Owner for XXXX (the "Project") as of XXXX, XX, 2002. Exhibit XXX is the responsibility of the Owner's management. Our responsibility is to express an opinion on Exhibit XXX based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether Exhibit XXX is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in Exhibit XXX. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of Exhibit XXX. We believe that our audit provides a reasonable basis for our opinion.

The accompanying Exhibit XXX was prepared in conformity with the accounting practices prescribed by the Internal Revenue Service under the accrual method of accounting and by the Department of Housing and Community Development ("DHCD"), which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, Exhibit XXX referred to above presents fairly, in all material respects, costs incurred for the Project as of XXXX XX, 2002, on the basis of accounting described above.

In addition to auditing Exhibit XXX we have, at your request, performed certain agreed-upon procedures, as enumerated below, with respect to the Project. These procedures, which were agreed to by the Owner and DHCD were performed to assist you in determining whether the Project has met the 10% test in accordance with Internal Revenue Code Section 42(h)(1)(E) and Treasury Regulation Section 1.42-6. These agreed-upon procedures were performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representations regarding the sufficiency of the procedures below either for the purpose for which this report has been requested or for any other purpose.

We performed the following procedures:

- We determined that the entity to receive the tax credit allocation is the owner of the property comprising the project.
- The Project's total reasonably expected basis, as defined in Treasury Regulation Section 1.42-6, to be \$XXXX as of XXXX XX, 2002 was calculated based on estimates of total development costs provided by the Owner.
- We calculated the reasonably expected basis incurred by the Owner as of XXXX XX, 2002 to be \$XXXX.
- We calculated the percentage of the development fee incurred by the Owner as of XXXX, 2002 to be XX.XX% of the total development fee.
- We compared the reasonably expected basis incurred as of XXXX XX, 2002 to the total reasonably expected basis of the Project, and calculated that XX.XX% had been incurred as of XXXX XX, 2002.
- We determined that the Owner uses the accrual method of accounting, and has not included any construction costs in carryover allocation basis that have not been properly accrued.
- Based on the amount of total reasonably expected basis listed above, for the Owner to meet the 10% test in accordance with Internal Revenue Code Section 42(h)(1)(E) and Treasury Regulation Section 1.42-6, we calculated that the Project needed to incur more than \$XXXX of costs prior to December 31, 2002. As of XXXX XX, 2002, costs of at least \$XXXX had been incurred, which is approximately XX.XX% of the total reasonably expected basis of the Project.

We were not engaged to, and did not, perform an audit of the Owner's financial statements or of the Project's total reasonably expected basis. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the management of the Owner and for filing with DHCD and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes.

City, State  
XXX XX, 2002